

Financial Results for the Second Quarter of the Year Ending March 31, 2013 [J-GAAP] (Consolidated)

Company name: AIRPORT FACILITIES CO., LTD. (AFC)
 Stock exchange listed on: Tokyo Stock Exchange (First Section)
 Company code: 8864 URL: <http://www.afc-group.jp>
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 The date of filing the quarterly securities report: November 8, 2012
 The date of the dividend payment start: November 19, 2012
 Preparation of quarterly earnings presentation material: Yes
 Holding of quarterly earnings announcement: Yes (for analysts, individual investors)

(Figures are rounded off to the nearest million yen.)

1. Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 2013 (April 1, 2012 - September 30, 2012)

(1) Consolidated Business Results (Percentages are changes from the same period of the previous year.)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First six months ended								
September 30, 2012	10,600	3.4	1,856	15.8	2,019	24.5	1,181	46.7
September 30, 2011	10,253	(13.7)	1,602	(32.3)	1,622	(28.8)	805	(36.9)

(Note) Comprehensive income: First six months ended September 30, 2012: 951 million yen (5.6%)
 First six months ended September 30, 2011: 901 million yen ((35.1%))

	Net income per share	Diluted net income per share
First six months ended	Yen	Yen
September 30, 2012	22.87	—
September 30, 2011	15.59	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2012	73,465	46,305	61.2	870.37
As of March 31, 2012	74,864	47,274	61.4	915.05

(Reference) Equity capital: As of September 30, 2012: 44,966million yen As of March 31, 2012: 45,958 million yen

2. Dividends

	Dividends per share				
	Q1	Q2	Q3	Q4	Annual
	Yen	Yen	Yen	Yen	Yen
FY ended March 31, 2012	—	6.00	—	6.00	12.00
FY ending March 31, 2013	—	6.00			
FY ending March 31, 2013 (Forecasts)			—	6.00	12.00

(Note) Changes in the latest forecasts released: No

3. Forecast of Consolidated Earnings for the Year Ending March 2013 (April 1, 2012 - March 31, 2013)

(Percentages are changes from the same period of the previous year.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full fiscal year	21,170	1.7	3,430	23.8	3,340	23.2	1,980	14.5	38.33

(Note) Changes in the latest forecasts released: No

4. Other Information

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting from changes in scope of consolidation): No
- (2) Application of specific accounting treatments in preparing the quarterly consolidated financial statements: Yes
 Note: For details, please refer to “2. Summary Information (Other), (2) Application of Specific Accounting Treatments in Preparing the Quarterly Consolidated Financial Statements” on page 4.
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of revisions
- 1) Changes in accounting policies with revision of accounting standards, etc. : Yes
 - 2) Changes in accounting policies other than 1) above: No
 - 3) Changes in accounting estimates: Yes

4) Restatement of revisions: No

(4) Number of issued shares (common shares)

1) Number of issued shares (including treasury stock)	As of September 30, 2012:	54,903,750 shares	As of March 31, 2011:	54,903,750 shares
2) Number of treasury stock	As of September 30, 2012:	3,241,269 shares	As of March 31, 2011:	3,241,249 shares
3) Average number of shares during the period	First six months ended September 30, 2012:	51,662,491 shares	First six months ended September 30, 2011:	51,662,744 shares

* Implementation status of quarterly review procedures

The quarterly review procedures stipulated in the Financial Instruments and Exchange Act are not applicable to this Financial Results report, and the procedures have not been completed when this Financial Results report was disclosed.

* Explanation of the proper use of earnings forecasts and other special notes

(Remarks on forward-looking statements)

The statements about future described on this report such as earnings forecasts have been made based on information currently available and certain assumptions considered reasonable, and it is not intended to assure that we will achieve such results. Actual earnings may differ significantly from the above forecasts for various reasons. For the assumptions for earnings forecasts and cautions regarding the use of the earnings forecasts, please refer to "1. Qualitative Information on Consolidated Financial Results for the Quarter Ended September 30, 2012"

(3) Qualitative Information on Consolidated Earnings Forecast on page 4.

1. Qualitative Information on Consolidated Financial Results for the Quarter Ended September 30, 2012

(1) Qualitative Information on Consolidated Business Results

During the six months ended September 30, 2012, the Japanese economy's recovery was pausing in consequence of slowdown in the global economy, and the negative impact of the worsening relationship with China and South Korea on business activities raised concern about downward pressure on economies.

In the aviation industry, while low-cost carriers (LCC) are growing rapidly, All Nippon Airways Co., Ltd. raised capital through a public offering to fund major capital investment and Japan Airlines Co., Ltd. successfully relisted in the TSE, indicating that airline companies are enhancing the business base in order to survive in the fierce competition.

Also, the merger of the Kansai International Airport and the Osaka International Airport was completed in July 2012, aiming for early achievement of concessions, which we believe should promote the management reform of airports managed by the Government.

Under such economic conditions, the Group (the Company and its consolidated subsidiaries) recorded net sales of ¥10,600 million (up 3.4% from the same period of the previous year), operating income of ¥1,856 million (up 15.8%) and ordinary income of ¥2,019 million (up 24.5%) and net income of ¥1,181 million (up 46.7%) due to operation of facilities in a local airport and outside the airport purchased during the fiscal year ended March 31, 2012 and improvement in occupancy rates of idle facilities.

Performance by business segment is as follows:

(i) Real Estate Business

Real Estate Business recorded net sales of ¥7,103 million, an increase by ¥463 million (7.0%) from the same period of the previous year, and operating income of ¥1,260 million, an increase by ¥272 million (27.5%), as a result of operation of Rinku International Logistics Center near the Kansai International Airport purchased in September 2011, Kobe Airport Hanger completed in November 2011 and Kitakyushu Airport Training Center completed in August 2012, as well as improvement in occupancy rates of idle facilities in the Tokyo International Airport.

(ii) District Heating & Cooling Business

District Heating & Cooling Business recorded net sales of ¥2,234 million, an increase by ¥89 million (4.2%) from the same period of the previous year, due to an increase in sales from cooling business, but operating income increased only by ¥1 million (0.3%) to ¥472 million due to increase in expenses such as gas fee.

(iii) Waterworks & Drainage Management and Other Business

Net sales in Waterworks & Drainage Management and Other Business decreased by ¥206 million (14.0%) from the same period of the previous year to ¥1,263 million and operating income also decreased by ¥20 million (13.9%) to ¥123 million as a result of expiration of the waterworks & drainage management contract with the New Chitose Airport and the change in contract forms with the Osaka International Airport.

(2) Qualitative Information on Consolidated Financial Position

(Assets)

Total assets as of September 30, 2012 amounted to ¥73,465 million, a decrease by ¥1,399 million compared to March 31, 2012, due to a decrease in cash and deposits as a result of deconsolidation of a consolidated subsidiary and a decrease in noncurrent assets from depreciation.

(Liabilities)

Despite an increase in unearned revenue arising from land rent invoiced for the year ending March 31, 2013, liabilities as of September 30, 2012 decreased by ¥431 million from March 31, 2012 to ¥27,160 million, as a result of repayment of loans payable.

(Net assets)

Despite net income for the six months ended September 30, 2012, net assets as of September 30, 2012 decreased by ¥969 million compared to March 31, 2012 to ¥46,305 million as retained earnings decreased due to dividends payment and deconsolidation of a consolidated subsidiary.

As a result, equity ratio decreased by 0.2 points to 61.2% compared to March 31, 2012.

(3) Qualitative Information on Consolidated Earnings Forecast

There is no change as to Consolidated Earnings Forecast for the Year Ending March 2013 which was announced in the Financial Results for the Year Ended March 31, 2012 [J-GAAP] dated May 11, 2012.

2. Summary Information (Other)

(1) Changes in Material Subsidiaries during the Period under Review

Not applicable.

(2) Application of Specific Accounting Treatments in Preparing the Quarterly Consolidated Financial Statements

Specific accounting treatments in preparing the quarterly consolidated financial statements

Tax expenses are calculated as income before income taxes and minority interests for the quarter multiplied by the estimated effective tax rate. The effective tax rate is reasonably estimated taking into consideration deferred tax accounting as the rate applicable to income before income taxes and minority interests for the consolidated fiscal year including the quarter ended September 30, 2012.

(3) Changes in Accounting Policies and Estimates, and Restatements

Change in accounting policy

(Change in depreciation method)

Following the amendment to the Corporate Tax Law, property, plant and equipment acquired on or after April 1, 2012 are depreciated using the depreciation method in accordance with the amended Corporate Tax Law effective April 1, 2012.

The impact of this change is insignificant.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Thousands of yen)

	FY3/12 (As of March 31, 2012)	Second quarter of FY3/13 (As of September 30, 2012)
Assets		
Current assets		
Cash and deposits	2,855,193	2,098,312
Notes and accounts receivable-trade	1,409,289	1,186,333
Lease investment assets	920,135	1,373,785
Merchandise and finished goods	5,358	—
Raw materials and supplies	44,437	39,362
Deferred tax assets	94,763	94,763
Short-term loans receivable	2,299,417	—
Others	636,270	2,172,077
Total current assets	8,264,862	6,964,632
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	50,321,117	49,422,430
Machinery, equipment and vehicles, net	3,111,551	3,357,962
Tools, furniture and fixtures, net	50,792	42,424
Land	8,038,134	7,991,622
Construction in progress	139,657	243,970
Total property, plant and equipment	61,661,251	61,058,408
Intangible assets	131,425	114,605
Investments and other assets		
Investment securities	2,508,437	2,800,138
Long-term loans receivable	7,596	6,931
Deferred tax assets	1,962,805	2,124,733
Others	366,259	433,818
Allowance for doubtful accounts	(38,233)	(38,233)
Total investments and other assets	4,806,864	5,327,387
Total noncurrent assets	66,599,540	66,500,400
Total assets	74,864,402	73,465,032

(Thousands of yen)

	FY3/12 (As of March 31, 2012)	Second quarter of FY3/13 (As of September 30, 2012)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	1,756,444	670,683
Short-term loans payable	4,963,532	5,260,092
Accounts payable	162,917	301,311
Income taxes payable	256,940	683,371
Accrued expenses	171,416	73,865
Unearned revenue	763,680	1,949,190
Provision for bonuses	119,239	128,482
Provision for directors' bonuses	21,038	21,038
Provision for removal cost of property, plant and equipment	31,801	—
Others	966,624	872,631
Total current liabilities	9,213,631	9,960,663
Noncurrent liabilities		
Long-term loans payable	13,092,862	11,393,286
Long-term guarantee deposited	4,606,985	5,097,259
Long-term accounts payable-facilities	359,471	359,471
Provision for retirement benefits	148,425	160,438
Provision for directors' retirement benefits	169,454	189,197
Total noncurrent liabilities	18,377,197	17,199,651
Total liabilities	27,590,828	27,160,314
Net assets		
Shareholders' equity		
Capital stock	6,826,100	6,826,100
Capital surplus	6,982,921	6,982,921
Retained earnings	33,156,964	32,456,995
Treasury stock	(1,561,558)	(1,561,565)
Total shareholders' equity	45,404,427	44,704,451
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	553,678	261,261
Total accumulated other comprehensive income	553,678	261,261
Minority interests	1,315,469	1,339,006
Total net assets	47,273,574	46,304,718
Total liabilities and net assets	74,864,402	73,465,032

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income**(Quarterly Consolidated Statements of Income)**

(Thousands of yen)

	First six months of FY3/12 (April 1, 2011 – September 30, 2011)	First six months of FY3/13 (April 1, 2012 – September 30, 2012)
Net sales	10,253,411	10,600,070
Cost of sales	7,812,608	7,976,595
Gross profit	2,440,803	2,623,475
Selling, general, and administrative expenses		
Directors' compensations	110,028	110,724
Salaries and bonuses	220,338	214,924
Provision for bonuses	77,059	74,905
Provision for directors' bonuses	21,038	21,038
Transportation and communication expenses	39,328	41,128
Taxes and dues	52,670	40,427
Depreciation	18,600	17,635
Others	299,627	247,095
Total selling, general, and administrative expenses	838,688	767,876
Operating income	1,602,115	1,855,599
Non-operating income		
Interest income	16	215
Dividends income	70,257	350,285
Commission fee	1,743	7,354
Gain on investments in silent partnership	11,705	13,794
Others	64,867	37,298
Total non-operating income	148,588	408,946
Non-operating expenses		
Interest expenses	123,288	146,826
Loss on retirement of noncurrent assets	—	98,645
Others	5,546	454
Total non-operating expenses	128,834	245,925
Ordinary income	1,621,869	2,018,620
Extraordinary income		
Insurance income	57,000	—
Others	1,000	—
Total extraordinary income	58,000	—
Extraordinary loss		
Loss on retirement of noncurrent assets	40,148	40,118
Loss on disaster	53,688	—
Directors' retirement benefits	4,669	495
Loss on valuation of investment securities	2,608	—
Total extraordinary loss	101,113	40,613
Income before income taxes	1,578,756	1,978,007
Income taxes	700,215	734,706
Income before minority interests	878,541	1,243,301
Minority interests in income	73,345	61,865
Net income	805,196	1,181,436

(Quarterly Consolidated Statements of Comprehensive Income)

(Thousands of yen)

	First six months of FY3/12 (April 1, 2011 – September 30, 2011)	First six months of FY3/13 (April 1, 2012 – September 30, 2012)
Income before minority interests	878,541	1,243,301
Other comprehensive income		
Valuation difference on available-for-sale securities	22,266	(292,416)
Total other comprehensive income	22,266	(292,416)
Comprehensive income	900,807	950,885
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	827,462	889,020
Comprehensive income attributable to minority interests	73,345	61,865

(3) Notes on Premise of Going Concern

Not applicable.

(4) Notes on Significant Changes in Shareholders' Equity

Not applicable.